

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL MEMORANDUM**

**HB 884 - SB 990**

February 20, 2023

**SUMMARY OF BILL AS AMENDED (003775):** Requires a local government participating in the Tennessee Consolidated Retirement System (TCRS) to fund 70 percent or more of a benefit improvement after implementation in order to establish a benefit improvement. Clarifies that failure to pay the liability necessary to establish a benefit improvement may result in the withholding of the liability amount, in whole or in part, from any state-shared taxes that are otherwise apportioned to the local government. Authorizes a local government employer, after approving a benefit improvement, to amortize an increased pension liability over a period of time not to exceed 10 years from the date of adoption of a benefit improvement. Requires employers funding an increased pension liability over a period of 10 years to have the full benefit improvement available at the commencement of the amortization period.

Requires the state to pay the estimated increased pension liability resulting from a benefit improvement for general employees or employees at institutions of higher education in the retirement system by amortizing the pension liability over a period of time not to exceed 10 years from the date of adoption of a benefit improvement.

Establishes that a benefit improvement does not include the supplemental bridge benefit established in Tenn. Code Ann. § 8-36-211 for members who are subject to mandatory retirement.

**FISCAL IMPACT OF BILL AS AMENDED:**

**NOT SIGNIFICANT**

Assumptions for the bill as amended:

- Based on information provided by TCRS, the proposed legislation will not increase liabilities to the retirement system.
- Adding an additional option to fund increased pension liabilities associated with a benefit improvement will not increase the liabilities to the retirement system or increase operational expenditures for state or local government; therefore, any fiscal impact is considered to be not significant.
- It is assumed that local governments will ensure compliance with the requirements to avoid loss of state-shared taxes.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The script is cursive and fluid, with the first letters of each name being capitalized and prominent.

Krista Lee Carsner, Executive Director

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